

Taxes and tax-like payments 2020

Tax revenue decreased by 1.9 per cent in 2020

The accrual of taxes and compulsory social security contributions decreased by 1.9 per cent in 2020 mainly due to reasons related to the corona pandemic. The total accrual amounted to EUR 99.5 billion. The tax ratio fell from the previous year by 0.2 percentage points to 42.1 per cent. The tax ratio describes the ratio of taxes and compulsory social security contributions to gross domestic product. These data are based on the preliminary data on national accounts for 2020. The accrual of taxes and compulsory social security contributions was EUR 342 million greater than according to the first data published in March, the biggest factor being revisions to value added tax figures.

Taxes and compulsory social security contributions by sector, 2019 - 2020¹⁾

		2019	2020 ¹⁾
S13+S212 Total	Million euro	101 443	99 530
	Ratio to GDP, %	42,3	42,1
S1311 Central Government	Million euro	49 579	47 248
	Ratio to GDP, %	20,7	20,0
S1313 Local Government	Million euro	23 166	24 547
	Ratio to GDP, %	9,6	10,4
S1314 Sosiaaliturvarahastot	Million euro	28 295	27 326
	Ratio to GDP, %	11,8	11,6
S212 European Union	Million euro	403	409
	Ratio to GDP, %	0,2	0,2

1) Preliminary data

In addition to the tax rate, we can examine the net tax ratio, which is calculated by deducting income transfers paid by general government from taxes received by general government. In 2020, the net tax ratio was 15.5 per cent of gross domestic product, down by 2.7 percentage points from the previous year. The corona situation contributed to the decrease in the net tax ratio, especially due to the growth in income transfers, but also to the decrease in the accruals of taxes and social security contributions.

The value added tax revenue grew by 0.2 per cent from the previous year and was EUR 22.0 billion. In the accrual basis of the national accounts, value added tax revenue also includes the 2020 taxes deferred to be paid during immediate future years by means of payment arrangements made due to the corona situation. The revenue from other taxes paid on goods and services decreased by 4.0 per cent, the most

significant in euros was the revenue from central government's share of Oy Veikkaus Ab's profit, which decreased by 32.1 per cent and amounted to EUR 746 million, and motor vehicle and motorcycle tax, whose revenue decreased by 19.5 per cent and was EUR 713 million. Similarly to revenue from central government's share of Oy Veikkaus Ab's profit, the revenue from lottery tax fell considerably (by 23.1 per cent) and its revenue remained at EUR 170 million. The revenue from energy taxes decreased by 1.0 per cent and the revenue for the year was EUR 4.3 billion. The revenues grew mainly concerning tax on soft drinks (16.1 per cent), pharmacy fee (5.3 per cent), insurance premium tax (3.9 per cent), tobacco tax (3.4 per cent), alcohol tax (2.6 per cent) and vehicle tax (1.6 per cent). Of these, the biggest revenues in euros were EUR 1.5 billion in alcohol tax, EUR 1.2 billion in vehicle tax and EUR 1.1 billion in tobacco tax.

The revenue from income tax paid by households grew by 1.6 per cent from the previous year and amounted to EUR 29.8 billion. A significant contributor to the decrease in tax revenue was corporations' income tax, the revenue from which (EUR 5.0 billion) decreased by 17.8 per cent from the year before. The revenue from taxes on property grew by 2.8 per cent. In 2020, the revenue from inheritance and gift tax was EUR 797 million or 6.4 per cent higher than in 2019. The revenue from asset transfer tax was EUR 822 million and it decreased by 4.1 per cent from one year before.

EUR 235 million collected as contributions to the Single Resolution Fund from credit institutions was recorded as tax revenue for the institutions of the European Union. Customs duties accounted to the EU amounted to EUR 174 million.

In 2020, the tax revenue of central government totalled EUR 47.2 billion, which was 4.7 per cent lower than in the year before. The tax revenue of local government grew by 6.0 per cent and was EUR 24.5 billion. Most of the tax revenue of local government comes from households' income taxes. Due to differences in the progression of municipal and state taxation and increases in municipal tax percentages, households' income tax growth was divided differently between tax recipients. The transfer of 10 percentage points from central government to local government in the distribution share of corporation tax was also significant, which, together with the decrease in the total revenue from corporation tax, had a considerable effect on central government's tax revenue.

The revenue of compulsory social security contributions of social security funds contracted by 3.4 per cent and contributions totalled EUR 27.3 billion. The proportion of taxes and statutory social security contributions in consolidated total general government income was 80.9 per cent in 2020.

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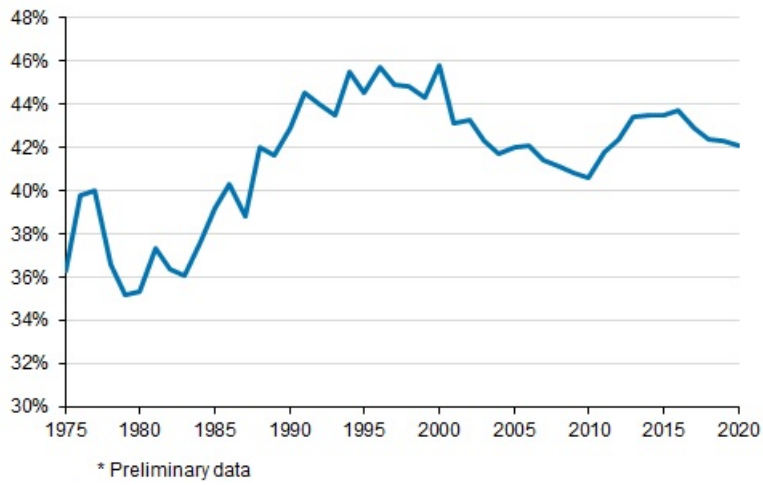
Appendix table 1. Taxes by sector and tax category, 2019-2020¹⁾

Sector	Tax category	2019	2020	Change, %
S13+S212 Total	-0 Taxes and social contributions, total	101 443	99 530	-1,9
	-1000 Income taxes	35 470	34 862	-1,7
	-2000 Social security contributions	28 295	27 326	-3,4
	-4000 Taxes on property	3 477	3 574	2,8
	-5000 Taxes on goods and services	33 963	33 521	-1,3
	-6000 Other taxes	238	247	3,8
S1311 Central Government	-0 Taxes and social contributions, total	49 579	47 248	-4,7
	-1000 Income taxes	14 176	12 271	-13,4
	-4000 Taxes on property	1 606	1 619	0,8
	-5000 Taxes on goods and services	33 746	33 285	-1,4
	-6000 Other taxes	51	73	43,1
S1313 Local Government	-0 Taxes and social contributions, total	23 166	24 547	6,0
	-1000 Income taxes	21 294	22 591	6,1
	-4000 Taxes on property	1 871	1 955	4,5
	-5000 Taxes on goods and services	1	1	0,0
S1314 Social Security Funds	-0 Taxes and social contributions, total	28 295	27 326	-3,4
	-2000 Social security contributions	28 295	27 326	-3,4
S212 European Union	-0 Taxes and social contributions, total	403	409	1,5
	-5000 Taxes on goods and services	216	235	8,8
	-6000 Other taxes	187	174	-7,0

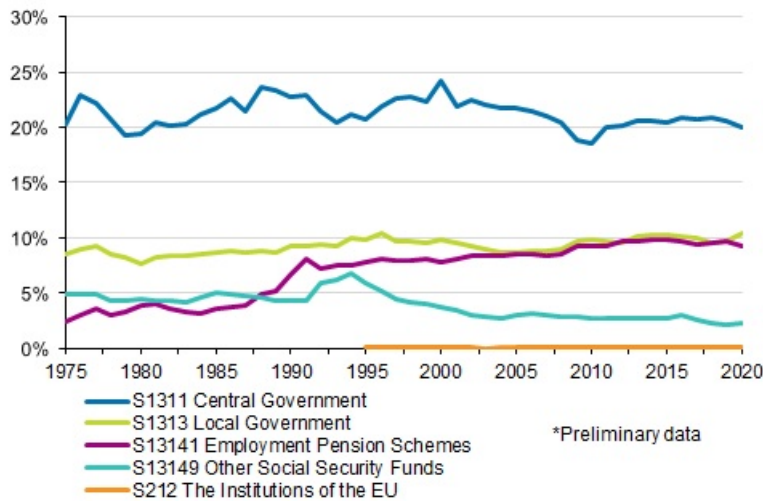
1) Preliminary data

Appended figures

Appendix figure 1. Tax ratio in 1975 to 2020*



Appendix figure 2. Tax ratio by tax collector sector 1975–2020*



Revisions in these statistics

Revision of the tax rate

Sector	Variable	Year	1st release, % ¹⁾	Latest release, %	Revision, percentage point (latest minus first)
S13+S212 General government and Institutions and Bodies of the European Union	Tax ratio	2011	42,0	41,8	-0,2
		2012	42,8	42,4	-0,4
		2013	44,0	43,4	-0,6
		2014	44,1	43,5	-0,6
		2015	44,5	43,5	-1,0
		2016	44,3	43,7	-0,6
		2017	43,4	42,9	-0,5
		2018	42,4	42,4	0,0
		2019	42,1	42,3	0,2
		2020	41,8	42,1	0,3

1) 2011-2013: the first release according to ESA2010 on 11 July 2014.

Revision of the tax bill

Sector	Variable	Year	1st release, EUR mil. ¹⁾	Newest release, EUR mil.	Revision, EUR mil. (latest minus first)
S13+S212 General government and Institutions and Bodies of the European Union	All taxes and payments total	2011	82 750	82 751	1
		2012	85 269	85 269	0
		2013	88 589	88 688	99
		2014	89 932	90 027	95
		2015	92 144	92 003	-70
		2016	94 935	95 115	180
		2017	96 930	96 985	55
		2018	99 074	98 958	-116
		2019	101 120	101 443	323
		2020	99 188	99 530	342

1) 2011-2013: the first release according to ESA2010 on 11 July 2014.

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